



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MAY 18 2009

Mr. Todd Dittrich
49 Forest Avenue
Fort Thomas, KY 41075

RE: MUR 6134

Dear Mr. Dittrich:

This is to advise you that the file in this matter has been closed and this matter is now public. Documents related to the case will be placed on the public record within 30 days. *See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files*, 68 Fed. Reg. 70,426 (Dec. 18, 2003).

A copy of the conciliation agreement with Cranley for Congress is enclosed for your information.

If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "April J. Sands".

April J. Sands
Attorney

Enclosures
Conciliation Agreement

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APR 23 2009
OGC 12:12 pm

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Cranley for Congress

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MUR 6134

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Cranley for Congress ("CFC") violated 2 U.S.C. §§ 434(b), 441a(f) and 441a(a)(8).

NOW, THEREFORE, the Commission and the Respondent having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Cranley for Congress is the principal campaign committee for John J. Cranley, IV within the meaning of 2 U.S.C. § 431(5). Mr. Cranley was a candidate in 2006.

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2. CFC retained Todd H. Dittrich, a certified public accountant in Cincinnati, Ohio, as its treasurer.

3. Mr. Dittrich was responsible for maintaining the books and records of CFC and filing complete, accurate and timely reports with the Commission. CFC paid Mr. Dittrich for his services.

4. CFC contends that sometime after the 2006 election, Mr. Cranley asked Mr. Dittrich to close the campaign's bank accounts and to terminate CFC. Mr. Dittrich closed the bank accounts on April 30, 2008, but he never terminated CFC.

5. After the 2006 election, the Commission audited CFC and the auditors worked directly with the treasurer over a period of months. CFC contends that Mr. Dittrich never informed Mr. Cranley that the audit was occurring. In April 2007, Mr. Dittrich stopped communicating with the auditors.

6. In a letter dated December 22, 2008, the Commission notified CFC that it found reason-to-believe that CFC had violated the Act. A copy of the letter was also sent by the Commission to Mr. Cranley. Mr. Cranley received the letter on December 31, 2008. CFC contends that it was the first time that Mr. Cranley learned of the audit of CFC.

7. CFC contends that Mr. Cranley immediately took possession of CFC's records from Mr. Dittrich and discharged him as treasurer. Simultaneously, Mr. Cranley caused CFC to engage expert legal and compliance assistance to correct the public disclosure reports and resolve the errors listed below.

8. In 2005 and 2006, political committees were prohibited from receiving more than a total of \$2,100 per election from any one person. 2 U.S.C. § 441a(a)(1)(A); 11 C.F.R. §§ 110.1(a) and (b).

9. Contributions that on their face exceed the Act's contribution limitations, and contributions which do not appear to be excessive on their face, but which exceed the Act's contribution limits when aggregated with other contributions from the same contributor, may be either deposited into an appropriate campaign depository or refunded to the contributor.

11 C.F.R. § 103.3(b)(3). For those contributions deposited, the treasurer must, among other things, notify the contributor in writing within 60 days of the treasurer's receipt of the contribution, that a portion of the contribution was redesignated and that the contributor may request a refund of the contribution. 11 C.F.R. § 110.1(b).

10. When an authorized committee receives an excessive contribution, the committee may ask the contributor if the contribution was intended to be a joint contribution from more than one person. The committee must, within 60 days of receipt of the contribution, obtain and retain a reattribution letter signed by all contributors; or refund the excessive contribution.

11 C.F.R. §§ 110.1(k)(3), 110.1(l)(3) and 103.3(b)(3).

11. Each report filed with the Commission must disclose: the amount of cash on hand at the beginning and end of the reporting period; the total amount of receipts for the reporting period and for the election cycle; the total amount of disbursements for the reporting period and for the election cycle; and certain transactions that require itemization on Schedule A (Itemized Receipts) or Schedule B (Itemized Disbursements). 2 U.S.C. § 434(b)(1), (2), (3), (4), and (5).

12. A political committee that serves as a conduit of an earmarked contribution must disclose the earmarked contribution, regardless of amount, on two separate reports: the committee's next regularly scheduled disclosure report, and a special "Transmittal Report" sent to the recipient authorized committee. 11 C.F.R. § 110.6(c)(1). When a candidate committee receives an earmarked contribution(s) through an allowable conduit, each individual contribution

should be itemized when the individual's total contributions to the committee aggregate over \$200 per election cycle. This itemization must include the full name, address, occupation, and employer of the individual contributor along with the date the contribution was received by the conduit. 11 C.F.R. § 110.6(c)(2).

13. For each itemized contribution, the committee must provide the following information: the full name and address (including zip code) of the contributor or other source; the name of the contributor's employer (if the contributor is an individual); the contributor's occupation (if the contributor is an individual); election to which a contribution or loan was designated; the date of receipt; the amount; and the aggregate election cycle-to-date of all receipts (within the same category) from the same source. 11 C.F.R. §§ 100.12 and 104.3(a)(4) and 2 U.S.C. § 434(b)(3)(a).

14. For each disbursement, the treasurer of a political committee must keep records on the: amount; date; name and address of the payee; purpose (a brief description of why the disbursement was made); and if the disbursement was made on behalf of a candidate, the candidate's name and the office sought by the candidate. If the disbursement was in excess of \$200, the records must include a receipt or invoice from the payee, or a cancelled check or share draft to the payee. If the disbursement was by credit card, the record must include the monthly statement or customer receipt and the cancelled check used to pay the credit card bill. 2 U.S.C. § 432(c)(5) and 11 C.F.R. § 102.9(b).

15. A political committee must disclose the amount and nature of outstanding debts and obligations until those debts are extinguished. 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3(d) and 104.11(a). A debt of \$500 or less must be reported once it has been outstanding 60 days from the date incurred (the date of the transaction); the committee reports it on the next regularly scheduled

report. A debt exceeding \$500 must be disclosed in the report that covers the date on which the debt was incurred. 11 C.F.R. § 104.11(b).

16. All loans received by a committee must be itemized and continuously reported until repaid. All repayments made on a loan must also be itemized. 11 C.F.R. § 104.3(a)(4)(iv) and 11 C.F.R. § 104.3(b)(4)(iii).

17. During the 2006 election cycle, CFC received contributions from 51 individuals and one partnership that exceeded the limitation by \$96,162. Of these excessive contributions, 34 contributors totaling \$67,050 were excessive for the primary election and 18 contributors totaling \$29,112 were excessive for the general election. Of the excessive contributions, \$85,000 would have been resolved had CFC notified contributors under the presumptive redesignation and/or reattribution rules.

18. CFC's reported financial activity revealed a misstatement of activity in calendar year 2006. Reported receipts were understated by \$42,787; reported disbursements were understated by \$27,648; and the ending cash balance on December 31, 2006 was understated as a result of the receipt and disbursement discrepancies.

19. CFC received earmarked contributions from individuals and political committees totaling \$508,122 that were not reported or improperly disclosed. These contributions were passed on to CFC through eight different conduits via 97 transmittals.

20. A material amount of CFC's transactions during the Audit period lacked or did not adequately disclose the contributor's occupation and/or name of employer. CFC did not demonstrate "Best Efforts" to obtain, maintain, and submit the necessary information.

21. A material amount of CFC's transactions during the Audit period lacked or inadequately disclosed the required information. These disclosure discrepancies consisted of

missing addresses, missing or inadequate purposes, or missing memo entries for reimbursements to individuals.

22. CFC incurred debts totaling \$106,605 that were not itemized. These debts consisted of eight transactions to seven vendors, all of which were more than \$500 and not paid in full during the reporting period in which the debt was incurred. The majority of these debts were incurred during the 2006 October Quarterly and 12 Day Pre-General reporting periods.

23. CFC established a line of credit at a lending institution in the amount of \$190,000 that was improperly itemized on its disclosure reports and lacked or inadequately disclosed the required information.

V. CFC committed the following violations:

- a. accepted contributions in excess of the limitations of the Federal Election Campaign Act of 1971, as amended, ("the Act") in violation of 2 U.S.C. § 441a(f). CFC will cease and desist from violating 2 U.S.C. § 441a(f);
- b. misstated its cash on hand, receipts, and disbursements in calendar year 2006 in violation of 2 U.S.C. § 434(b). CFC will cease and desist from violating 2 U.S.C. § 434(b);
- c. failed to report or properly disclose earmarked contributions in violation of 2 U.S.C. § 441a(a)(8). CFC will cease and desist from violating 2 U.S.C. § 441a(a)(8);
- d. failed to identify adequately the occupation and/or name of employer of individuals who made contributions in violation of 2 U.S.C. § 434(b). CFC will cease and desist from violating 2 U.S.C. § 434(b);

- e. failed to disclose adequately required information regarding its disbursements in violation of 2 U.S.C. § 434(b). CFC will cease and desist from violating 2 U.S.C. § 434(b);
- f. failed to itemize its debts and obligations on Schedule D in violation of 2 U.S.C. § 434(b). CFC will cease and desist from violating 2 U.S.C. § 434(b);
- g. failed to disclose adequately its line of credit on Schedules C and C-1 in violation of 2 U.S.C. § 434(b). CFC will cease and desist from violating 2 U.S.C. § 434(b);

VI. In ordinary circumstances, the Commission would seek a civil penalty of \$299,000 based on the violations as outlined in this agreement. However, the Commission is taking into account the fact that CFC has no cash on hand and limited ability to raise any additional funds. CFC has represented that Mr. Dittrich will refund \$30,000 in payments he received while its treasurer. CFC has also represented that it will use Mr. Dittrich's refund to pay the costs of correcting its records and amending, as necessary, reports filed with the Commission. CFC has represented that it will not use Mr. Dittrich's refund for anything other than the costs associated with correcting the public record and resolving this matter with the Commission. These costs are estimated to be \$25,000. CFC will provide documentation regarding the costs of correcting its records and amending the reports filed with the Commission. CFC will pay \$5,000 (five thousand dollars) as a civil penalty to the Federal Election Commission, pursuant to 2 U.S.C. § 437g(a)(5)(A). In addition, any amount of the \$25,000 remaining after the completion of the correction of records and amending of reports will be paid as a civil penalty to the Federal Election Commission, pursuant to 2 U.S.C. § 437g(a)(5)(A), within thirty (30) calendar days of the completion of the correction of records and amending of reports.

VII. CFC will notify those contributors who made excessive contributions in this matter that their excessive contribution were untimely presumptively redesignated or reattributed, but that CFC failed to send the contributor the appropriate notice under 11 C.F.R. §§ 103.3(b) and 110.1(b).

VIII. CFC will appropriately amend its 2005 and 2006 disclosure reports not already amended consistent with the findings in the Final Audit Report for CFC within sixty (60) calendar days of the date this agreement is signed by the Commission.

IX. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

X. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

XI. Respondents shall have no more than 60 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

XII. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

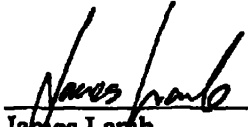
Thomasenia P. Duncan
General Counsel

BY:


Ann Marie Terzaken
Associate General Counsel
for Enforcement

5/14/09
Date

FOR THE RESPONDENTS:


James Larib
Counsel for Cranley for Congress

April 3, 2009
Date

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